

ARIZONA HOUSE OF REPRESENTATIVES  
Fifty-second Legislature -- Second Regular Session

MINUTES RECEIVED  
CHIEF CLERK'S OFFICE

3-18-16

**COMMITTEE ON ELECTIONS**

Report of Special Meeting  
Tuesday, March 15, 2016  
House Hearing Room 4 -- 9:30 a.m.

**Convened** 9:49 a.m.

**Recessed**

**Reconvened**

**Adjourned** 12:18 p.m.

**Members Present**

Mrs. Carter  
Mr. Clark  
Mr. Larkin  
Mr. Weninger  
Mr. Mesnard, Vice-Chairman  
Ms. Ugenti-Rita, Chairman

**Members Absent**

**Agenda**

Original Agenda -- Attachment 1

**Request to Speak**

Report -- Attachment 2

**Committee Action**

**Bill**      **Action**

**Vote**


**Attachments**

(Summaries,  
Amendments, Roll Call,  
Attendance)

SB1516      DP  
Committee  
Attendance

4-2-0-0

3, 4  
5



Marshall Pimentel, Chairman Assistant  
3/18/16

(Original attachments on file in the Office of the Chief Clerk; video archives available at <http://www.azleg.gov>)

convened: 9:49 am  
adjourned: 12:18 pm

ARIZONA HOUSE OF REPRESENTATIVES  
Fifty-second Legislature - Second Regular Session

SPECIAL MEETING AGENDA

**COMMITTEE ON ELECTIONS**

DATE Tuesday, March 15, 2016

ROOM HHR 4

TIME 9:30 A.M.

Members:

Mrs. Carter  
Mr. Clark

Mr. Larkin  
Mr. Weninger

Mr. Mesnard, Vice-Chairman  
Ms. Ugenti-Rita, Chairman

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Bills	Short Title	Strike Everything Title
SB1516	<u>DP</u> campaign finance amendments	
	(Driggs)	
	<u>4-2-0-0</u> ELECT, RULES	

**ORDER OF BILLS TO BE SET BY THE CHAIRMAN**

JY  
3/14/16

People with disabilities may request reasonable accommodations such as interpreters, alternative formats, or assistance with physical accessibility. If you require accommodations, please contact the Chief Clerk's Office at (602) 926-3032, TDD (602) 926-3241.

# Information Registered on the Request to Speak System

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*House Elections (3/15/2016)*

## **SB1516, campaign finance amendments**

### **Testified in support:**

Eric Spencer, AZ SECRETARY OF STATE; Glenn Hamer, Arizona Chamber Of Commerce And Industry

### **Testified as opposed:**

Samantha Pstross, AZ ADVOCACY NETWORK; Anne Pyron, representing self; Joseph Kanefield, Arizona Citizens Clean Elections Commission; Tom Ryan, representing self

### **Support:**

Mike Huckins, GREATER PHOENIX CHAMBER OF COMMERCE; Michael Hunter, BARRY GOLDWATER INSTITUTE FOR PUBLIC POLICY RESEARCH; Karen Mackean, representing self

### **Neutral:**

Attorney General Mark Brnovich, representing self

### **Oppose:**

Sandy Bahr, Sierra Club - Grand Canyon Chapter; Cathy Hozian, representing self; Rivko Knox, representing self; Alice Stambaugh, representing self; Teri Farneti, representing self; Eric Ehst, representing self; Nancy Pfafflin, representing self; Joseph Seelye, representing self; Daria Lohman, representing self; Edward Christy, representing self; Cyndi Tuell, representing self; Peter Bengtson, representing self; Rebekah Friend, Arizona AFL-CIO; Betty Bengtson, representing self; Jane McNamara, representing self; Kenneth Bierman, representing self; Gini McGirr, League of Women Voters of Arizona, Legislative Chair, representing self; Gini McGirr, League of Women Voters of Arizona, Legislative Chair, League Of Women Voters Of AZ; Ann Hutchinson, representing self; Thomas Hulen, representing self; Stacey Morley, AZ EDUCATION ASSN; Carol Maas, representing self; Joye E. Kohl, representing self; Deborah Zajac, representing self; Diane E. Brown, AZ PUBLIC INTEREST RESEARCH GROUP (AZ PIRG); Monica Pimentel, representing self; Dale Volz, representing self; Alicia Klassen, representing self; Yorick Hempstead, representing self; Ellen Kaufmann, representing self; Kelly Rice, representing self; Urban Stewart, representing self; Alex Corella, representing self; Kathleen A Roediger, representing self

### **All Comments:**

Alice Stambaugh, Self: This bill LOOSENS reporting requirements, vs. strengthening them. Why would a legislator approve of that, if looking out for the electorate?; Joseph Seelye, Self: The citizens of this state want CLEAN ELECTIONS! "Dark Money" has made a mockery of our political process and over and over again the people have spoke that they want clean and honest elections. Stop trying to advance this bill and let it die.; Daria Lohman, Self: This bill will increase the dark money in Arizona Elections.; Edward Christy, Self: Let's not turn democracy into \$\$\$ocracy!; Peter Bengtson, Self: This really is a bad bill. Hope the LD9 people in the Legislature work hard to defeat this thing.; Betty Bengtson, Self: Opposed because citizens have right to know who is financing candidates and elections. Money could be coming from foreign companies and we would not know it. It's an un-American bad idea.; Jane McNamara, Self: I am very unhappy that a state employee, whose salary is paid for by taxpayers –

Eric Spencer -- has so obviously taken sides on campaign finance, supporting secret donations to candidates and causes at the expense of the public's right to know.; Gini McGirr, Self: I oppose this Bill.; Gini McGirr, League Of Women Voters Of AZ: This bill is opposed by the League of Women Voters of AZ.; Thomas Hulen, Self: Creates loop hole for dark money and makes unnecessary requirements for ballot initiatives. If this bill becomes law it means we are one step closer to losing our democracy.; Carol Maas, Self: Dark money has no place in the political arena. This bill not only continues the dark money practice but opens it up even more to buy elections. America should not be open to the highest bidder to control our country, our laws and our society. Stop; Joye E. Kohl, Self: Please listen to the voters in this state. We want real campaign finance reform and not more loopholes permitting dark money interests to control this state. This is a very bad bill.; Dale Volz, Self: We can all agree that election financing reform is needed, but this bill instead of addressing the problems will simply create more.; Yorick Hempstead, Self: We need to return our society to the people not push it further away with dark money.; Ellen Kaufmann, Self: This bill would open the door to even more dark money and lead to more politicians bought and paid for by special interest.; Kelly Rice, Self: Isolates certain communities of voters. Inhibits voter voice and is innately against democracy.; Urban Stewart, Self: We need to increase votes not restrict them.

PLEASE COMPLETE THIS FORM FOR THE PUBLIC RECORD



HOUSE OF REPRESENTATIVES

Please PRINT Clearly

Committee on ELECTIONS Bill Number SB 1516  
Date 3/15/16 ☒ Support ☐ Oppose ☐ Neutral  
Name RANDALL HOLMES Need to Speak? ☒ Yes ☐ No  
Representing B.O.O.B.T. 2016/DAVID H. ROON Are you a registered lobbyist? NO  
Complete Address 6207 D 21<sup>ST</sup> DR, PHOENIX AZ 85015-1902  
E-mail Address randall.holmes7@gmail.com Phone Number 480-452-8249  
Comments: ANONYMOUS POLITICAL EXPRESSION IS FREE SPEECH

\*\*\*FIVE-MINUTE SPEAKING LIMIT\*\*\*



# HOUSE OF REPRESENTATIVES

SB 1516

campaign finance amendments

Prime Sponsor: Senator Driggs, LD 28

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X Committee on Elections

Caucus and COW

House Engrossed

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## OVERVIEW

SB 1516 rewrites, repeals and modifies campaign finance statutes. Becomes effective January 1, 2017.

## PROVISIONS

1. Repeals and reorganizes campaign finance statutes.
2. Consolidates the different types of political committees into three types of committees:
  - a. candidate committees;
  - b. political action committees (PACs); and
  - c. political parties.

### *Committee Registration*

3. Increases the contribution or expenditure threshold for requiring a candidate to register as a candidate committee from \$500 to \$1,000 in connection with that candidacy.
4. Increases the contribution or expenditure threshold for requiring an entity to register as a PAC from \$500 to \$1,000 in connection with any election during a calendar year.
5. Eliminates the requirement for a committee that intends to receive contributions or make expenditures below the threshold amount to file an exemption statement before making expenditures, accepting contributions, distributing campaign literature or circulating petitions.
6. Includes, as a criteria to register as a PAC, an entity organized for the primary purpose of influencing the result of an election.
7. Specifies entity is not organized for the primary purpose of influencing an election if all of the following apply:
  - a. the entity has tax exempt status under 501(a) of the Internal Revenue Code;
  - b. the entity has properly filed Internal Revenue Service (IRS) Form 1023 or 1024;
  - c. the entity's tax exempt status has not been denied or revoked by the IRS;
  - d. the entity remains in good standing with the Arizona Corporation Commission (ACC); and
  - e. the entity has properly filed IRS Form 990.
8. Creates a rebuttable presumption by the filing or enforcement officer that an entity is organized for the primary purpose of influencing the results of an election if the entity:
  - a. claims tax exempt status but had not filed IRS Forms 1023 or 1024 before making the contribution or expenditure, excluding a religious organization, assembly or institution.

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- b. made a contribution or expenditure and at that time:
    - i. had its tax exempt status revoked by the IRS;
    - ii. failed to file IRS Form 990, if required; or
    - iii. was not registered with the ACC, if required.
  - c. at the time of making a contribution or expenditure was registered with the ACC but was not in good standing.
9. Asserts that committees are not subject to state income tax and are not required to file a state income tax return.
10. Requires the Secretary of State (SOS) to increase threshold amounts by \$100 in each January of odd-numbered years.

#### ***Statement of Organization***

11. Requires a committee to file a statement of organization within 10 days after qualification. Currently, if a committee that has filed an exemption statement receives contributions or makes expenditures of more than \$500, the committee must file a statement of organization within five business days.
12. Modifies the statement of organization as follows:
  - a. requires the email address of the committee, chairperson, treasurer and sponsor;
  - b. requires the telephone number and website, if any, of a sponsor;
  - c. removes the requirement for the sponsor to list the relationship;
  - d. a statement that the chairperson and treasurer have read the filing officer's campaign finance and reporting guide, agree to comply with applicable laws, and agree to accept all notifications and service of process via the email addressed provided by the committee.
13. Requires a committee to file an amended statement of organization within 10 days after any change, rather than within 5 business days.
14. Declares that on filing a statement of organization, a PAC or political party may perform any lawful activity without establishing a separate committee for each activity or specifying each activity in its statement of organization.
15. Eliminates the requirement for standing committee to include a notarized signature of the chairman or treasurer declaring its status in the statement of organization and the ability of the SOS to charge an annual \$250 fee.

#### ***Recordkeeping***

16. Requires segregation of committee bank accounts as follows:
  - a. committee monies must be segregated from personal monies;
  - b. individual and committee contributions must be segregated from corporations, limited liability companies and labor organization contributions; and
  - c. contributions to a political party to defray operating expenses or support party-building activities must be segregated from contributions used to support candidates;
  - d. contributions intended to influence a recall election must be segregated from contributions intended influence any other election.
17. Prohibits recall contributions from being used to influence any other election.
18. Permits comingling of monies for a political party committee if the account is maintained in accordance with federal law.

19. Requires a committee to exercise its best effort to obtain required information for any incomplete contribution received. Includes attempt by email, text message or private message through social media as *best effort*.
20. Exempts from recordkeeping the identity of any contributor that contributes, in the aggregate, less than \$50 during the election cycle.
21. Permits a committee to accept a cash contribution.
22. Requires a committee to preserve all records for two years following the end of the election cycle, rather than three years after the filing of the finance report.
23. Directs a person that qualifies as a committee to report all contributions, expenditures and disbursements that occurred before qualifying as a committee and to maintain and produced records as prescribed.
24. Removes the requirement that the banks used by committees must be insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration.

#### ***Mega PACs***

25. Renames committees commonly referred to as super PACs as *Mega PACs*.
26. Extends the period for a Mega PAC to receive at least 500 individual contributions of \$10 from two years to four year immediately preceding application to the SOS.

#### ***Contributions***

27. Permits a person to make any contribution not otherwise prohibited by law.
28. Modifies the definition of *contribution* and specifies the following are not contributions:
  - a. the value of an individual's volunteer services or expenses provided without compensation or reimbursement, including travel expenses; use of real or personal property; cost of invitations, food or beverages; use of email, internet activity or social media;
  - b. the costs incurred for covering or carrying a news story, commentary or editorial by a broadcasting station or cable television operator, an internet website, a newspaper or another periodical publication if the cost is not paid for by and the medium is not owned or under the control of a candidate or committee;
  - c. any payment to defray the expense of an elected official meeting with constituents or attending an information tour, conference, seminar or presentation if the payor or the elected official does not attempt to influence the result of an election and the payment is reported if required in accordance with financial disclosure for public officers or regulation of lobbyists, or both;
  - d. the payment by a political party to support its nominee, including the printing or distribution of, or postage expenses for, voter guides, samples ballots, pins, bumper stickers, handbills, brochures, posters, yard signs and other similar material distributed through the party; or coordinated political party expenditures;
  - e. the payment by any person to defray a political party's operating expenses or party-building, including party staff and personnel; studies and reports; voter registration, recruitment polling and turnout effects; party conventions and meetings; and construction, purchase or lease of party buildings or facilities;
  - f. the value of any interest earned on the committee's deposits or investments;



- g. the value of transfers between committees to reimburse expenses and distribute monies raised through a joint fundraising effort, except that contributions must be allocated as described in fundraising solicitation and expenses must be allocated in the same proportion as contributions;
  - h. the value of payment of a committee's legal or accounting expenses by an person;
  - i. the value of an extension of credit for goods and services on a committee's behalf by a creditor if the terms are substantially similar to extensions of credit to nonpolitical debtors of similar risk and size of obligation. The creditor must make a commercially reasonable attempt to collect the debt, except that if an extension of credit remains unsatisfied after six months the committee is deemed to have received a contribution but the creditor is not deemed to have made a contribution;
  - j. the value of nonpartisan communications intended to engage voter registration and turnout effects;
  - k. any payment to a filing officer for arguments in a publicity pamphlet;
  - l. the payment by any sponsor or its affiliate for the cost of establishing, administering and soliciting contribution from its employees, members, executives, stockholders and retirees and their families to the sponsor's separate segregated fund;
  - m. any payment by an entity for the costs of communicating with its employees, members, executives, stockholders and retirees and their families about any subject , without regard to whether those communications are made in coordination with any candidate or candidate's agent;
  - n. the value of allowing a candidate or committee's representative to appear at any private residence or at the facilities of any entity to speak about the candidate's campaign or about a ballot measure if the venue is furnished by the venue's owner, is not paid for by a third-party and is not a stadium, coliseum, convention center, hotel ballroom, concert hall or similar area generally open to the public;
  - o. the costs of hosting a debate or candidates' forum if at least two opposing candidates, with respect to any given office sought, or representatives of at least two opposing ballot measure campaigns, with respect to any measure on the ballot, are invited with the same of similar advance notice and method of invitation;
  - p. monies loaned by a financial institution in the ordinary course of business and are not for the purpose of influencing the results of an election, except that the loan is deemed a pro rata contribution by any endorser or guarantor other than the candidate's spouse;
  - q. the costs of publishing a book or producing a documentary if it is for distribution to the general public through traditional distribution mechanism or a fee is obtained for the purchase of publication or viewing of the documentary; and
  - r. the preparation and distribution of voter guides subject to the following prohibitions:
    - i. granting a candidate or ballot measure greater prominence or substantially more space than any other candidate or ballot measure; and
    - ii. include any message that constitutes express advocacy.
29. Asserts that the exemptions do not imply that any transaction not specifically listed are contributions unless those transactions otherwise meet the definition of *contribution*.
30. Maintains the current contributions limits.
31. Requires the SOS to increase contribution limits by \$100 in each January of odd-numbered years, rather than biennially adjusting by the change in the consumer price index.

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32. Requires a candidate committee to refund or reattribute any excess contributions within 60 days after receipt of the contribution.
33. Allows an individual to only make contributions using *personal monies*.
34. Permits a candidate committee to transfer unlimited contributions to any candidate committee for the same candidate without regard to the office sought if both candidate committees are registered with a filing officer as prescribed.
35. Deems contributions originally made to the transferring committee as contributions to the receiving candidate committee.
36. Prohibits an individual's aggregate contributions to both candidate committees during the election cycle from exceeding the individual's contribution limit for that candidate.
37. Permits unlimited contributions to a person other than a candidate's committee from:
  - a. a candidate committee;
  - b. a PAC;
  - c. a political party;
  - d. a corporation, limited liability company (LLC) or labor organization; and
  - e. a partnership.
38. Allows a political party to make unlimited contributions to nominees.
39. Prohibits the contribution of monies by a corporation, LLC or labor organization to:
  - a. a candidate committee from a PAC; and
  - b. nominees from a political party.
40. Permits a sponsor or its segregated fund to solicit contributions from the sponsor's or subsidiaries' employees, members, executives, stockholders, retirees and their families.
41. Allows a trade association to solicit contributions from its members' employees, subsidiaries and retirees.
42. Removes the limitation of no more than two written solicitations per year from a non-stockholder or non-executive.
43. Requires the partnership to provide the recipient committee written notice identifying the contributing partners and the amount attributed to each.
44. Prohibits a partnership from attributing any contribution to a partner that is a corporation, LLC or labor organization.
45. Specifies that partnership contributions need not be accompanied by the signature of each contributing partner.
46. Permits a partnership to establish a segregated fund.

### *Expenditures*

47. Permits a person to make any expenditure not otherwise prohibited by law.
48. Modifies the definition of *expenditure* and specifies the following are not expenditures:
  - a. the value of an individual's volunteer services or expenses provided without compensation or reimbursement, including travel expenses; use of real or personal property; cost of invitations, food or beverages; use of email, internet activity or social media;

- b. the value of any news story, commentary or editorial by any broadcasting station or cable television operator, programmer or producer, newspaper, magazine, website or other periodical not owned or operated by a candidate, candidate's spouse or any committee;
  - c. the payment by any person to defray a political party's operating expenses or party-building activities, including party staff and personnel; studies and reports; voter registration, recruitment polling and turnout efforts; party conventions and meetings; and construction, purchase or lease of party buildings or facilities;
  - d. the value of any interest earned on the committee's deposits or investments;
  - e. the value of transfers between committees to reimburse expenses and distribute monies raised through a joint fundraising effort, except that contributions must be allocated as described in fundraising solicitation and expenses must be allocated in the same proportion as contributions;
  - f. the payment of a committee's legal or accounting expenses;
  - g. an extension of credit for goods and services on a committee's behalf by a creditor if the terms are substantially similar to extensions of credit to nonpolitical debtors of similar risk and size of obligation. The creditor must make a commercially reasonable attempt to collect the debt, except that if an extension of credit remains unsatisfied after six months the committee is deemed to have received a contribution but the creditor is not deemed to have made a contribution;
  - h. the value of nonpartisan communications intended to engage voter registration and turnout effects;
  - i. any payment by a person that is not a committee to a filing officer for arguments in a publicity pamphlet;
  - j. any payment for legal or accounting services provided to a committee; and
  - k. the payment of costs of publishing a book or producing a documentary if it is for distribution to the general public through traditional distribution mechanism or a fee is obtained for the purchase of publication or viewing of the documentary.
49. Asserts that the exemptions do not imply that any transaction not specifically listed are expenditures unless those transactions otherwise meet the definition of *expenditure*.
50. Stipulates that any person may make an independent expenditure (IE).
51. Specifies an expenditure is not an IE if there is *actual* coordination. Currently, it is not independent if "there is any arrangement, coordination or direction" with respect to the candidate and the person making the expenditure.
52. Allows, instead of requires, a filing or enforcement officer to consider evidence of coordination, which is rebuttable.
53. Removes consideration of whether the person making the expenditure has received any form of compensation or reimbursement in the same election cycle from the candidate and instead requires consideration of whether the candidate is or has been authorized to raise money or solicit contributions on behalf of the person making the expenditure in the same election cycle.
54. Deems an expenditure coordinated with a candidate, other than a coordinated party expenditure, an in-kind contribution to the candidate.
55. Eliminates the requirement for a corporation, LLC or labor organization that makes certain IEs over specified thresholds to register and notify the appropriate filing officer within one day.

### *Disclosure Statements*

56. Requires an advertisement or fundraising solicitation to include the words "paid for by" followed by the name of the person making the expenditure, rather than the name of the committee that appear of its statement of organization or \$500 exemption statement.
57. Maintains the requirement for a PAC to include the names of the three political committees making the largest contribution to the PAC making the expenditure but specifies it is the three largest aggregate contributions that exceed \$20,000 during the election cycle, rather than calendar year.
  - a. Removes the requirement to include phone numbers.
58. Removes the separate disclosure requirements for political committee that make expenditures in conjunction with any literature or advertisement to support or oppose a ballot proposition. Currently, disclosure is required for the four largest major funding sources, or if fewer than four, all major funding sources.
59. Allows radio disclosure statements to be spoken at the beginning or end of the broadcast.
60. Specifies billboard disclosure statements must be displayed in a height of at least 4% of the vertical height of the sign or billboard.
61. Exempts TV, video or film advertisements from spoken disclosure if the written disclosure statement is displayed for the greater of one-sixth of the broadcast duration or four seconds.
62. Exempts the following from the disclosure statements:
  - a. social media messages, text message or message sent by a short message service;
  - b. advertisements placed as a link on a website if the message is not more than 200 characters and the link directs the user to another website that complies with the disclosure requirements;
  - c. advertisements placed as a graphic or picture link if the required statements cannot be conveniently printed and the link directs the user to another website that complies with the disclosure requirements;
  - d. a solicitation of contributions by a separate segregated fund;
  - e. communication by a tax-exempt organization solely to its members; and
  - f. a published book or documentary film or video.

### *Campaign Finance Reports*

63. Requires the SOS's instructions and procedures manual to prescribe the format for all reports and statements.
64. Stipulates a campaign finance report must contain:
  - a. an itemized list of all disbursements in excess of \$250;
  - b. expenditures to advocate for or against the passage or defeat of a ballot measure, including identification of the ballot measure, serial number, election date, mode of advertising and distribution or publication date; and
  - c. expenditures to advocate for or against the issuance of a recall election order or the election or defeat of a candidate in a recall election, including identification of the officer to be recalled or candidate supported or opposed, mode of advertising and distribution or publication date.

65. Requires PACs and political parties to report contributions from and disbursements to corporations, LLCs, and labor organizations and include identification of their file number issued by the ACC.
66. Requires certification by the committee treasurer, issued under penalty of perjury, that the contents of the report are true and accurate.
67. Specifies a committee must report the identify to whom a receipt or disbursement is earmarked.
68. Modifies the IE report as follows:
- requires an entity that makes IEs or ballot measure expenditures in excess of \$1,000 during a reporting period to file a report with the filing officer for the applicable reporting period;
  - requires the report to identify the candidate or ballot measure supported or opposed, office sought by the candidate, election date, mode of advertising and first date of publication, display, delivery or broadcast;
  - removes the requirement to identify the names, occupations, employers and amount contributed by each of the three contributors that contributed the most money within the preceding six months;
  - eliminates the certification under penalty of perjury stating whether or not the claimed IE is made in cooperation, consultation or concert with or at the request or suggestion of any candidate, candidate's campaign committee or candidate's agent.
69. Eliminates the requirement for campaign and ballot measure committees to report contributions from a single source less than 20 days before the election if the contribution meets specified thresholds.
70. Deletes the requirement to file *no activity* reports.

### ***Reporting Periods***

71. Modifies the reporting periods as follows:

- a. for PACs and political parties

<b>Time Period Covered</b>	<b>Report Due</b>
January 1 through March 31	April 15
April 1 through June 31	July 15
July 1 through September 30	October 15
October 1 through December 31	January 15
July 1 through 17 days before the election	10 days before the election
16 days before the election through September 30	October 15
October 1 through 17 days before the election	10 days before the election
16 days before the election through December 31	January 15

- b. for a candidate committee:

<b>Time Period Covered</b>	<b>Report Due</b>
January 1 through March 31	April 15
April 1 through June 31	July 15
July 1 through September 30	October 15
July 1 through 17 days before the election	10 days before the election
October 1 through 17 days before the election	10 days before the election
October 1 through December 31	January 15

- 72. Requires a committee to file reports until terminated.
- 73. Requires filing officers to provide the option for electronic filing and make all statement and reports publicly available on the internet. Compliance may be met by opting into the SOS electronic filing system and paying a fee as determined by the SOS.

***Enforcement***

- 74. Requires a filing officer, if a committee fails to file a timely report, to send a written notice by email within 5 days after the deadline, instead of by certified mail within 15 days.
- 75. Stipulates the notice must identify the late report, describe how fines accrue and methods of payment, rather than provide with reasonable particularity the nature of the failure and the penalties.
- 76. Eliminates the maximum \$450 late fee.
- 77. Suspends temporarily the committee's authority to operate on receipt of the notice of the failure to file three consecutive complete reports, rather than within 30 days.
- 78. Requires the notice to state that the failure to comply with all filing and payment requirements within 30 days will result in permanent suspension.
- 79. Declares the filing officer is the sole public officer authorized to initiate an investigation into alleged violations, including the alleged failure to register as a committee.
- 80. Limits investigations by a filing officer to violations within their jurisdiction.
- 81. Allows the filing officer to refer an investigation to another other filing officer in the state who agrees to accept the referral upon declaration of a conflict of interest.
- 82. Directs the SOS to establish guidelines in the instructions and procedures manual outlining the procedures, timelines and other processes that apply to investigations by filing officers.
- 83. Specifies a filing officer, enforcement officer or other public officer or employee:
  - a. may not order a person to register as a committee;
  - b. do not have audit or subpoena powers to compel the production of evidence or attendance of witnesses concerning a potential campaign finance violation; and
  - c. may request the voluntary production of evidence or attendance of witnesses in making a reasonable cause determination.
- 84. Allows an enforcement officer to do the following after receiving a referral from the filing officer:
  - a. conduct an investigation using subpoena powers, but prohibits the officer from compelling a person to file campaign finance reports unless it is determined the person is a committee;
  - b. serve the alleged violator with a notice of violation; and
  - c. keep any nonpublic information gathered in the course of the committee status investigation confidential until the final disposition of any appeal of the enforcement order.
- 85. Adds that the notice must specify the fine or penalty imposed.
- 86. Requires the enforcement officer to impose a presumptive civil penalty equal to the value or amount of money received, spend or promised in violation.

87. Permits, after a finding of special circumstance, the enforcement officer to impose a penalty up to three times the amount of the presumptive civil penalty, based on the severity, extent or willful nature of the alleged violation.
88. Removes the \$1,000 civil penalty cap.
89. Stipulates a person is not required to file campaign finance reports until the enforcement officer's notice of violation has been upheld after any timely appeal.
90. Requires the enforcement officer to:
  - a. impose the penalty set forth in the notice; and
  - b. provide formal notice that the imposition of the penalty is an appealable agency action.
91. Provides that the alleged violator is not subject to any penalty if corrective action is taken within 20 days of the issuance of the notice of violation.
92. Declares that the enforcement officer has the sole and exclusive authority to initiate any appealable administrative or judicial proceedings to enforce an alleged violation referred by the filing officer.

*Miscellaneous*

93. Moves the deadline to file nomination papers up from 90 to 180 days before the primary election.
94. Asserts that a person is not eligible to be a candidate for nomination or election to and is not eligible to serve simultaneously:
  - a. in more than one statewide office;
  - b. in more than one legislative office; and
  - c. in both a legislative office and a statewide office.
95. Eliminates statutes:
  - a. enumerating unlawful actions by corporations and labor organizations;
  - b. stating religious assemblies or institutions are not required to register as committees;
  - c. declaring it is illegal for a person to volunteer services for expected compensation;
  - d. establishing a civil penalty for deceptive mailings;
  - e. requiring a committee, corporation, LLC or labor organization that makes an IE for literature or advertisement relating to any candidate within 60 days of an election to mail a copy to the named candidate within 24 hours.
96. Requires the SOS to publish and make available to election officials, candidates, committees and the public the revised amounts of committee registration thresholds and contribution limits.
97. Eliminates the ability for a committee to transfer its debts and obligations to a subsequent committee for that candidate.
98. Permits a committee to terminate if it has outstanding debts or obligations that are more than five years old and the creditors have agreed to discharge them.
99. Allows a filing officer to reject the termination statement if it appears the required conditions have not been met.
100. Declares petition signatures ineligible if the date signed is before the date that the serial number was assigned, rather than the date the statement of organization was filed.

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101. Removes the declaration that signatures obtained on recall petitions before the filing of the committee's statement of organization as void.
102. Makes technical and conforming changes.
103. Becomes effective January 1, 2017.

### CURRENT LAW

Generally, political committees fall into three broad categories: candidate committees, political parties and political action committees (PACs). Within each of these categories, political committees are dedicated for specific functions, such as making contributions to candidates, supporting or opposing ballot measures or making IEs. Certain committees may qualify for special status. For example, super PACs registered with the SOS may give contributions to candidates at a higher contribution limit. To qualify, the committee must have received \$10 contributions from 500 contributors in the two-year period before applying for the status. A committee with standing committee status has consolidated reporting requirements; the committee must file campaign finance reports with the SOS but is exempt from the filing requirements of other Arizona jurisdictions. To qualify, the committee must be active in more than one reporting jurisdiction for more than one year and pay an annual \$250 fee.

Generally, a contribution is any gift, loan, advance, deposit of money or anything of value made for the purpose of influencing an election. However, statute outlines exemptions to contributions, meaning some of the money, loans or in-kind goods and services do not have to be reported. A *contribution* does not include: 1) the value of services provided without compensation by a volunteer on behalf of a committee; 2) money or the value of anything directly or indirectly provided to defray the expense of an elected official meeting with constituents, or provided by the state or political subdivision to an elected official for communication with constituents, if the official is engaged in the duties of his office; 3) the use of real or personal property used on a regular basis by members of a community for noncommercial purposes, and the cost of invitations, food and beverages voluntarily provided by an individual in rendering voluntary personal services on the individual's residential premises or other property, to the extent that the cumulative value does not exceed \$100 in any single election; 4) any unreimbursed payment for travel expenses for a volunteer; 5) the payment by a political party for party operating expenses as outlined; 6) IEs; 7) monies loaned by a bank made in accordance with applicable law in the ordinary course of business, as specified; 8) a gift, loan or deposit of anything of value to a national or state committee of a political party specifically designated to defray any cost for the construction or purchase of an office facility not acquired for the purpose of influencing the election of a candidate in any particular election; 9) legal or accounting services if the only person paying is the regular employer of the individual and if the services are solely for the purpose of complying with campaign finance law; 10) the payment by a political party of the costs of campaign materials used by the party in connection with volunteer activities on behalf of any nominee or the payment of the costs of voter registration and get-out-the-vote activities as outlined; 11) transfers between political committees to distribute monies raised through a joint fundraising effort as specified; 12) an extension of credit for goods and services if the terms are substantially similar to extensions of credit to nonpolitical debtors and if the creditor makes a reasonable attempt to collect the debt, except debts that remain unsatisfied by the candidate after six months; and 13) interest or dividends earned on any bank accounts, deposits or other investments.

Similarly, there are exemptions from the definition of expenditures. An expenditure is any purchase, payment, distribution, loan, advance, deposit or gift of money or anything of value



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made by a person for the purpose of influencing an election in Arizona. However, an *expenditure* does not include: 1) a news story, commentary or editorial distributed through the facilities of any telecommunications system or periodical publication, unless the facilities are owned or controlled by a political committee, political party or candidate; 2) nonpartisan activity designed to encourage individuals to vote or register to vote; 3) the payment by a political party of the costs of preparation, display, mailing or other distribution incurred by the party with respect to any printed slate card, sample ballot or other printed listing of three or more candidates for any public office for which an election is held, except that this exception does not apply to costs with respect to a display of any listing of candidates made on any telecommunications system or in newspapers, magazines or similar types of general public political advertising; 4) the payment by a political party of the costs of campaign materials as specified used by the party in connection with volunteer activities on behalf of any nominee of the party or payment as outlined of the costs of get-out-the-vote activities; and 5) any deposit or other payment filed with the SOS or any similar officer to pay any portion of the cost of printing an argument in a publicity pamphlet advocating or opposing a ballot measure.

**ARIZONA HOUSE OF REPRESENTATIVES**  
**Fifty-second Legislature - Second Regular Session**

**ROLL CALL VOTE**

COMMITTEE ON \_\_\_\_\_ ELECTIONS \_\_\_\_\_ BILL NO. SB 1516

DATE March 14, 2016 MOTION: DP

	PASS	AYE	NAY	PRESENT	ABSENT
Mrs. Carter		✓			
Mr. Clark			✓		
Mr. Larkin			✓		
Mr. Weninger		✓			
Mr. Mesnard, Vice-Chairman		✓			
Ms. Ugenti-Rita, Chairman		✓			
		4	2	0	0

APPROVED

  
MICHELLE B. UGENTI-RITA, Chairman  
JAVAN D. MESNARD, Vice-Chairman

  
COMMITTEE SECRETARY

ATTACHMENT 4

**ARIZONA STATE LEGISLATURE**  
 Fifty-second Legislature - Second Regular Session  
**COMMITTEE ATTENDANCE RECORD**

COMMITTEE ON ELECTIONS

CHAIRMAN: Michelle B. Ugenti-Rita VICE-CHAIRMAN: Javan D. Mesnard

DATE	3/15/16	/16	/16	/16	/16
CONVENED	9:49am	m	m	m	m
RECESSED					
RECONVENED					
ADJOURNED	12:18pm				
MEMBERS					
Mrs. Carter	✓				
Mr. Clark	✓				
Mr. Larkin	✓				
Mr. Weninger	✓				
Mr. Mesnard, Vice-Chairman	✓				
Ms. Ugenti-Rita, Chairman	✓				

✓ Present      --- Absent      exc Excused